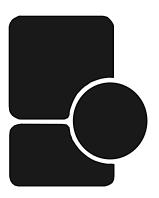
Joint Legislative Audit and Review Commission of the Virginia General Assembly



Review of State Spending: Interim Report

Staff Briefing December 10, 2001

Study Mandate

- HJR 773 and HB 2865 (both from 2001) direct JLARC to review State spending and identify:
 - The largest and fastest growing programs
 - The causes of expenditure growth
 - An assessment of the use of performance budgeting and measurement in legislative budgeting
 - Commission members also asked for a discussion of revenue forecasting

2001 Briefings and Report

- **■** June 11 Commission meeting
 - Work plan; guidance from Commission
- September 10 Commission meeting
 - Budget Growth (Chapters 1, 2 and 5)
 - Performance Measurement (Chapter 4)
- October 9 Commission meeting
 - Revenue Forecasting (Chapter 3)
- December 10 Commission meeting
 - Interim Report

Interim Report Contents

■ Chapter I - Introduction

- Growth in State Spending
- The Basis of the State Budget
- JLARC Review

Chapter II - Components of Spending Growth

- Spending Trends in the Broad Functions of Government
- Growth in State Agency Budgets
- Growth in Budget Programs
- Some State Initiatives that Drove Spending Growth

Interim Report Contents

(continued)

5

- Chapter III The General Fund Forecasting Process
 - State Revenue Sources
 - The Revenue Forecasting Framework
 - Forecast Process
 - Forecast Performance
 - The Forecast Process is Reasonable
- Chapter IV The Development of Performance Measures
 - Current Status of Performance Measurement
 - Evaluating Performance Measures in State Government

- Focus on agencies with the most growth in total appropriations, FY 1981 FY 2000
- **■** Each profile contains:
 - Budget overview, trends, appropriations history
 - Historical comparisons
 - Reasons for largest changes in agency budget
 - Comparison of FY 2000 appropriations and expenditures
 - Performance measures

Agency Profiles: 10 Largest Appropriations FY 2000 (\$ in millions, all funds)

1.	Department of Education*	\$4	,247
2.	Department of Medical Assistance Services	\$2	,863
3.	VDOT	\$2	2,401
4.	Department of Social Services	\$1	,122
5.	University of Virginia	\$1	,083
6.	Department of Corrections	\$	719
7.	DMHMRSAS	\$	713
8.	Virginia Tech	\$	592
9.	Virginia Commonwealth University	\$	501
10.	Compensation Board	\$	457

^{*}Not included in Interim Report

Next Steps

- Code of Virginia Section 30-58.3 requires JLARC to provide an annual report on state spending
 - The Interim Report is the first annual report
- **■** Future topics will include:
 - Profiles of additional large-budget agencies and programs, focusing on why their budgets increased
 - Ways of identifying spending functions and programs that:
 - could be consolidated without diminishing the quality of services
 - no longer have a distinct and discernible mission, or are not performing their missions efficiently
 - Areas of potential savings